

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF January 31, 2008

ITEM NUMBER 6

AGENCY: Procurement Services Division

SUBJECT: Waiver to Extend the Maximum Time on a Multi-term Contract for USC Aiken

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to five years unless otherwise approved by the Board. USC has asked the Materials Management Office to seek Board approval to authorize USC Aiken to contract for up to ten (10) years for its food service operations. USC Aiken officials believe a contract term of ten years will give the selected contractor greater ability to invest in improvements to the facilities and improve the quality of campus food service. An estimated \$800,000 is needed to renovate existing food service facilities located in the Humanities and Social Sciences Building in order to provide hot menu options and add a new dining facility to the freshman housing currently under construction and set for occupancy in Fall 2008.

BOARD ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), grant USC Aiken's request for a multi-term contract for food service operations and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

ATTACHMENTS:

Agenda item worksheet; Letter of request from USC; Section 11-35-2030(4) of the SC Consolidated Procurement Code

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: January 31, 2008

Regular Agenda

Submitted by:

(a) Agency: Procurement Services Division

(b) Authorized Official Signature:

R. Voight Shealy

R. Voight Shealy, Materials Management Officer

2. **Subject:** Waiver to extend the maximum time on a multi-term contract for USC Aiken

3. Summary Background Information:

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to five years unless otherwise approved by the Board. USC has asked the Materials Management Office to seek Board approval to authorize USC Aiken to contract for up to ten (10) years for its food service operations. USC Aiken officials believe a contract term of ten years will give the selected contractor greater ability to invest in improvements to the facilities and improve the quality of campus food service. An estimated \$800,000 is needed to renovate existing food service facilities located in the Humanities and Social Sciences Building in order to provide hot menu options and add a new dining facility to the freshman housing currently under construction and set for occupancy in Fall 2008.

4. What is Board asked to do?

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), grant USC Aiken's request for a multi-term contract for food service operations and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

5. **What is recommendation of Board division involved?** As stated in Item 4. above.

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of supporting documents:

(a) Letter of request from USC

(b) Section 11-35-2030(4) of the SC Consolidated Procurement Code

EXCERPT FROM THE CONSOLIDATED PROCUREMENT CODE

SECTION 11-35-2030. Multi-term contracts.

- (1) Specified Period. Unless otherwise provided by law, a contract for supplies, services, or information technology must not be entered into for any a period of more than one year unless approved in a manner prescribed by regulation of the board. The term of the contract and conditions of renewal or extension must be included in the solicitation and funds must be available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods must be subject to the availability and appropriation of funds for them.
- (2) Determination Prior to Use. Before the utilization of a multi-term contract, it must be determined in writing by the appropriate governmental body that:
 - (a) estimated requirements cover the period of the contract and are reasonably firm and continuing; and
 - (b) such a contract serves the best interests of the State by encouraging effective competition or otherwise promoting economies in state procurement.
- (3) Cancellation Due to Unavailability of Funds in Succeeding Fiscal Periods. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract must be canceled.
- (4) The maximum time for a multi-term contract is five years. Contract terms of up to seven years may be approved by the designated board officer. Contracts exceeding seven years must be approved by the board.



January 2, 2008

ASSOCIATE VICE PRESIDENT FOR
BUSINESS AND FACILITIES

Mr. Delbert H. Singleton, Jr.
State Budget and Control Board
612 Wade Hampton Office Building
PO Box 12444
Columbia, SC 29211

Dear Mr. Singleton:

The University of South Carolina's Aiken and Upstate campuses are in the process of issuing Requests for Proposal through MMO to select contractors to provide dining services on their campuses. The current contracts are due to expire in June 2008. We are requesting approval to solicit and award new contracts for each of the campuses with ten-year terms.

We are expecting the selected contractors to make substantial capital investments in the food service facilities. A longer contract for amortizing the investment will give the selected contractors greater ability to invest in improvements to the facilities and improve the quality of the campus food service. At USC Aiken, an estimated \$800,000 is needed to be invested to renovate existing facilities and add a new dining facility to the freshman housing currently under construction. USC Upstate estimates a minimum capital investment by the contractor of \$1,500,000 to renovate and expand the existing café area and main dining hall. Letters are attached from each campus that more fully describes their needs with respect to food service investments.

Due to the nature of these contracts and the circumstances stated in this request, we believe it will be in the best interest of all parties involved to have ten-year contracts. I appreciate your consideration of this request and look forward to hearing from you.

Sincerely,

Helen T. Zeigler

Attachments



October 8, 2007

Ms. Venis Manigo
Director of Purchasing
1600 Hampton Street
Columbia, South Carolina 29208

Dear Venis,

USCA would like to respectfully request from the state that the next USCA food service contract term be for a period of ten (10) years. We strongly believe that a longer contract period will provide the selected contractor the ability to amortize substantial up-front costs for the required capital investments listed below that will be included in the RFP and will result in vast improvements to University student life. An investment of the magnitude USCA is requesting in relationship to the total annual sales volume of the campus concomitant with an extended contract term certainly promotes USC Aiken as a more desirable account for investment opportunities.

The requested capital investment, approximately \$800,000, would be earmarked for two major projects; a new Residence Life dining location and a renovation of an existing food service location.

Completion of a dining service venue at USCA's newest housing complex currently under construction and set for occupancy Fall 2008. Unlike our current housing facilities with each apartment having dedicated kitchen facilities, this newest resident addition will only house freshman students and is designed without kitchen facilities in individual suites. A food service location is extremely desirable as it would not only provide enhanced dining opportunities but will also nurture a greater sense of community among the USCA student population. As the current housing plan is allowing only a footprint for a dining location, investment money would be used to complete the facility by purchasing back of the house equipment including walk in refrigeration and freezers, all mill work serving stations, production equipment, accent lighting and furnishings.

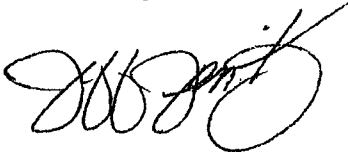
Renovation of existing food service located in the Humanities and Social Sciences Building. USCA is currently undergoing extensive renovations in the Student Activities Center (SAC) which includes combining the unlimited dining cafeteria and the adjacent grill operation. The merger of these two locations will eliminate the only alternate location for

students, faculty and staff to receive hot menu options. Capital money requested in a ten year contract will enable USCA to renovate the existing Humanities and Social Sciences food service venue to offer hot meal options for the campus community. These designated funds will provide the means to remove current walls, pour new flooring, build new exterior walls, install a ventilation system to support traditional cooking equipment, the cooking equipment as well as other merchandising equipment, site furnishings and appropriate signage.

The University of South Carolina Aiken is a changing community with changing demographics that require creative and innovative ways to sustain the life expectancies of our students. This extension request for contracted food services would allow USCA to meet these expectations at a time when it is most desirable. We will include language in the RFP to ensure that no additional costs will be imposed on meal plan prices for students as a result of the contractor's investment. Additionally, we will include language that will limit price increases for meal plans above the current costs to allow them only when the contractor can provide documentation of food service increases using Consumer Price Index data for the food industry.

Please feel free to contact me if you have any questions or require more details regarding this request. Thank you for your diligent consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Jenik', with a stylized flourish at the end.

Jeff Jenik
University of South Carolina Aiken

Cc: V. Steel Hudock